

**City of Hartford Pension Commission**  
City Conference Room  
260 Constitution Plaza  
Hartford, Connecticut  
Friday, February 26, 2016  
9:00 a.m.

**AGENDA**

**INVESTMENT PROGRAM**

- I. Review of Meeting Minutes**
  - Minutes of January 29, 2016
  
- II. Status of the MERF Portfolio**
  - Inventory of Assets as of January 31, 2016
  - MERF's Overall Performance
  
- III. General Consultant**
  - MERF Performance
    - I. Quarterly Total Plan Performance for Quarter-End 12/31/2015
    - II. Real Estate Performance Report Quarter ended 9/30/2015
    - III. Private Debt Performance Report Quarter ended 9/30/2015
  - NEPC Asset Class Assumptions and Actions for Clients
  
- IV. Other Business**

**INVESTMENTS  
AGENDA ITEM I**

**City of Hartford Pension Commission  
City Conference Room  
260 Constitution Plaza  
Hartford, CT 06103  
Friday, January 29, 2016  
9:00 a.m.**

<b>MINUTES</b>
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**INVESTMENT PROGRAM**

**MEMBERS PRESENT:** Peter Stevens, Chairman; Gene Goldman, Commissioner; Adam M. Cloud, Secretary and Carmen I. Sierra, Assistant Secretary

**MEMBERS EXCUSED:** Frank Lord, Commissioner; Nicholas Trigila, Employee Representative;

**STAFF PRESENT:** Gary B. Draghi, Director of Investments; P. Wayne Moore, Assistant Director of Investments; J. Sean Antoine, Principal Administrative Analyst; Donna Parker, Plan Administrator and Rebecca Crowley, Assistant Plan Administrator

**OTHERS PRESENT:** Lisa Silvestri, Corp. Council; Terry Williams, Senior Administrative Assistant; Tad Fergusson, Managing Director, Pension Consulting Alliance, the MBRF's private equity consultant

**I. Review of Minutes as of December 18, 2015**

Chairman Stevens introduced the item and asked for questions, comments or corrections. Gary Draghi, the MBRF's director of investments, stated that Mr. Fergusson's title as listed in "OTHERS PRESENT" was incorrect and should be listed as "Managing Director".

**A motion was made, seconded and adopted to accept the minutes as amended.**

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## II. Status of the MERF Portfolio as of December 31, 2015

Chairman Stevens introduced the item and asked the Investment Unit to report. P. Wayne Moore, the MERF's Assistant Director of Investments, reported that, at December 31, 2015, the MERF portfolio had a market value of \$978 million and had generated a negative 1.1% net of fees return for the month, which outperformed the benchmark return of negative 1.2%, by 10 basis points.

Mr. Moore then reported that the MERF's equity portfolio posted a negative 1.8% return for the month, matching the benchmark return. He also reported that the MERF's international developed and emerging markets equities both outperformed for the month, while domestic equities underperformed its benchmark.

Mr. Moore went on to report that the MERF's fixed income portfolio posted a negative 1.1% net return for the month, also matching its custom benchmark return. Discussion ensued.

With regard to alternative investments, Mr. Moore noted that the MERF's private equity portfolio outperformed its benchmark for the month, along with the private debt portfolio while the real estate and global tactical allocation portfolios underperformed.

Lastly, Mr. Moore reviewed the MERF's asset allocation positioning relative to its targets and target ranges.

The Commission accepted the report for advice.

## III. Private Equity Consultant

### 2016 Private Equity Investment Plan

Chairman Stevens introduced the item. Secretary Cloud asked the representative from Pension Consulting Alliance ("PCA") to report to the Commission. Tad Fergusson, Managing Director, reported that the MERF's private equity investment program currently represents 8.1% of the MERF's total portfolio, above the 5% target weight. He noted that the MERF's portfolio has \$146.5 million of commitments across 18 partnerships and a cash flow adjusted market value of \$79.2 million as of December 31, 2015.

Mr. Fergusson then reported that the program's overweight position has been maintained over the past several years as other asset classes were funded. He added that, over time, the MERF has consistently committed \$5 million to \$10 million per private equity opportunity and has successfully diversified across vintage years. Mr. Fergusson then stated that, in order for the portfolio to continue to progress towards its 5% target

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weighting, PCA recommends targeting \$10 million per year of commitments (opportunistically up to \$15 million in the event of an attractive opportunity set) across one to three partnerships. Mr. Fergusson added that this pacing schedule is designed to maintain diversification of portfolio commitments while controlling the number of partnerships. Lastly, Mr. Fergusson noted that the MERF should continue to review its pacing plans on at least an annual basis, incorporating updated market information into the process. Discussion ensued.

The Commission accepted the report for advice.

#### Vista Equity Partners Fund VI, L.P. Recommendation

Chairman Stevens introduced the item and stated that executive session would be required for the purpose of discussing commercial or financial information given to the MERF in confidence, and not required by statute.

A motion was made, seconded and adopted to enter into executive session.

A motion was made, seconded and adopted to exit executive session.

A motion was made, seconded and adopted to authorize the Secretary to execute the necessary documents to commit the MERF to invest up to \$8 million in Vista Equity Partners Fund VI, L.P., contingent on the completion of successful contract negotiations.

#### IV. Real Assets – Energy Recommendation

Chairman Stevens introduced the item and stated that executive session would be required for the purpose of discussing commercial or financial information given to the MERF in confidence, and not required by statute.

A motion was made, seconded and adopted to enter into executive session.

A motion was made, seconded and adopted to exit executive session.

A motion was made, seconded and adopted to authorize the Secretary to execute the necessary documents to commit the MERF to invest up to \$10 million in MTP Energy Opportunities Fund II, LLC and \$5 million in Riverstone Credit Partners, LP, contingent on the completion of successful contract negotiations.

**V. Report on Annual Performance Review Meetings:**

- Atlanta Capital Management
- Eagle Capital Management
- Prudential Investment Management
- SouthernSun Asset Management

Chairman Steven introduced the item and asked staff to speak to the report. Mr. Draghi stated that the reports were self-explanatory and asked if there were any questions. Discussion ensued.

The Commission accepted the reports for advice.


**VI. Other Business**

Chairman Stevens introduced the item. Secretary Cloud stated that he and staff had received some communication from Hartford Investment Management Company ("HIMCO"), the MERF's core plus fixed income manager, regarding its intention to exit the institutional asset management business. He noted that HIMCO had expressed its desire to continue to manage the MERF's portfolio, given its connection to the City and its long-standing tenure as a manager of MERF assets. Secretary Cloud stated that he has asked staff and NEPC to investigate potential options for the MERF based on HIMCO's notification, to be reviewed at a later meeting with the Commission. Discussion ensued.

The Commission accepted the report for advice.

There being no further business, Chairman Stevens adjourned the meeting.

ATTEST:

  
Adam M. Cloud, Secretary